GARFIELD TOWNSHIP MACKINAC COUNTY, MICHIGAN

Financial Statements For the Year Ended March 31, 2004

Prepared By: Richard E. Mahlmeister, C.P.A., P.C. 580 South Nicolet, P.O.Box 996 Mackinaw City, MI 49701

Michigan Deptartment of Treasury 496 (2-04) Auditing Procedures Report

L			ship 📗	Village [Other	Local Governm Garfield T	ent Name OWnship		Count	
Audit D. 3/31/				Opinion Dat 9/14/04	te	<u> </u>	Date Accountant Report S	ubmitted to State:	Мас	kinac
rınançı	ai Stateme	the the	financial Stateme for Coun	statemer ents of the ties and L	nts of this Governmocal Units	local unit of one nental Account of Governme	government and rende unting Standards Boa unt in Michigan by the N	ered an opinion rd (GASB) and Michigan Depar	trnen of treas	Reporting Form
	···· tilat.						Inits of Government in		I UEPT OF	
2. We	are certifi	ed p	ublic acc	ountants r	egistered	to practice in	Michigan	wichigan as re	used. SEP 2	8 2004
							osed in the financial s	tatements, inclu	LOCAL AUDIT a	& FINANCE DIVI
You mus	st check th	е ар	plicable I	oox for ea	ch item be	low.				
Yes	✓ No						s of the local unit are e	xcluded from th	le financial stor	tomonis
Yes	✓ No						or more of this unit's			
Yes	₽ No	3.	There a	are instan ed).	ces of no	n-compliance	with the Uniform Ac	counting and I	Sudgeting Act	(P.A. 2 of 1968
Yes	✓ No	4.	The loc	The local unit has violated the conditions of either an order issued under the Municipal Finance Act o equirements, or an order issued under the Emergency Municipal Loan Act.						
Yes	✓ No	5.	The loc	e local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 19. amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).						
Yes	√ No	6.	The loca	local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.						
Yes	₽ No	7.	The loca pension credits a	he local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year ear ension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfund redits are more than the normal cost requirement, no contributions are due (paid during the year).						
Yes	₽ No			The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 19 MCL 129.241).						
Yes	☑ No	9.	The loca	l unit has i	not adopte	d an investm	ent policy as required	by P.A. 196 of [,]	1997 (MCL 129	.95).
	enclosed							Enclosed	To Be Forwarded	Not Required
	of comme							~		1
eports on individual federal financial assistance programs (program audits).			m audits).			~				
ngle Auc	lit Reports	(AS	LGU).							V
lichard	ic Accountan E. Mahi n	t (Firm	n Name)	A. PC						
reet Addres 2.O. Box	s : 9,96, 58,6				et //	7	City Mackinaw Ci		State ZIP	
countant Si	grature		8	M	11	/	PD		MI 49 Date 9-24	701

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

	<u>PAGE</u>
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types Combined Statement of Revenues, Expenditures, and	1
Changes in Fund Balances - All Governmental Fund Types Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -	2
General and Special Revenue Funds	3
Notes to Financial Statements	4 - 11
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Schedule of Revenues - Budget and Actual Schedule of Expenditures - Budget and Actual Detailed Schedule of Expenditures	12 13 14 - 16
SPECIAL REVENUE FUNDS	
Combining Balance Sheet Combining Statement of Revenues, Expenditures and	17
Changes in Fund Balances	18
TRUST AND AGENCY FUND Current Tax Collection Fund:	
Statement of Changes in Assets and Liabilities	19



Member: American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

September 14, 2004

Township Board Garfield Township Mackinac County, Michigan

I have audited the accompanying general purpose financial statements of *Garfield Township*, *Mackinac County*, *Michigan*, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

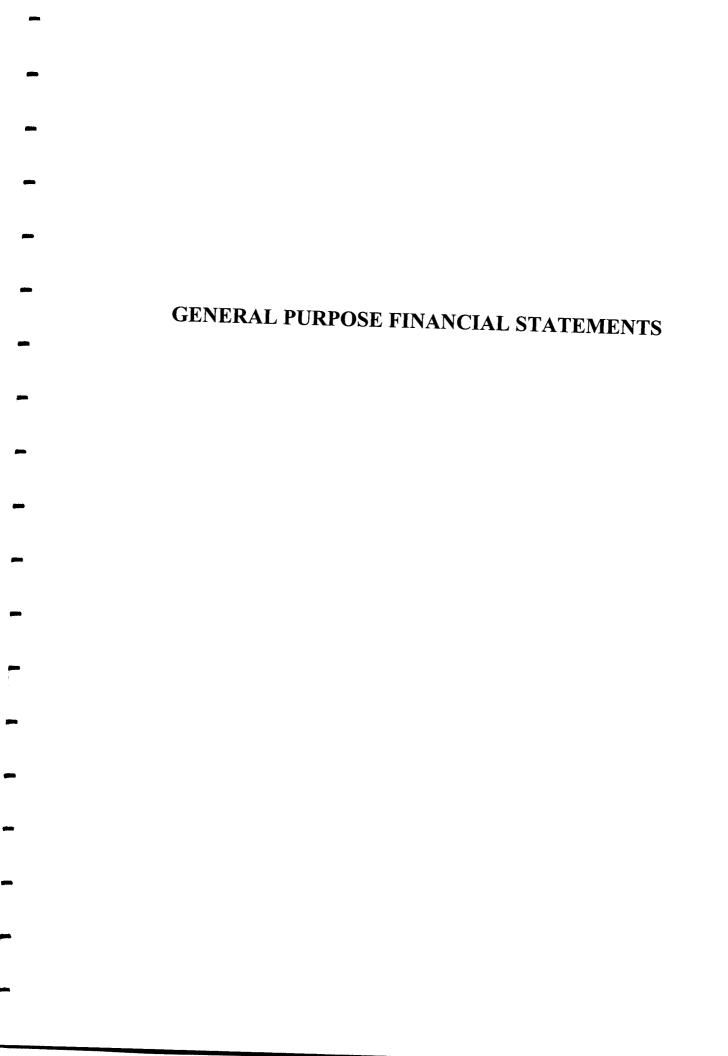
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In my opinion, except for the effect on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of *Garfield Township*, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of *Garfield Township*. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Richard E. Mahlmeister, C.P.A.



GARFIELD TOWNSHIP COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP MARCH 31, 2004

	GOVERNMENTAL FUN	ND TYPES	FIDUCIARY FUND TYPE
ASSETS	GENERAL	SPECIAL REVENUE	TRUST AND AGENCY
Cash and cash equivalents Taxes receivable Due from other funds	\$133,298 7,108	\$201,306 11,527	\$45,900
Amount to be provided for retirement of general long-term debt	8,094	-	
TOTAL ASSETS	\$148,500	\$212,833	\$45,900
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accrued expenses Due to other funds	\$2,800	\$220	\$ -
Due to other governmental units Capital lease payable	- - -	- - -	8,094 37,806
TOTAL LIABILITIES	2,800	220	45,900
FUND EQUITY Fund balances: Unreserved: Designated for subsequent years'			
expenditures Undesignated	133,149 12,551	200,421 12,192	-
TOTAL FUND EQUITY	145,700	212,613	
TOTAL LIABILITIES			

See Accompanying Notes.

ACCOUNT	
GROUP	
GENERAL	TOTAL
LONG - TERM	(MEMORANDUM
DEBT	ONLY)
\$ -	\$380,504
-	18,635
-	8,094
131,177	131,177
\$131,177	\$538,410
\$ -	\$3,020
<u></u>	8,094
-	37,806
131,177	131,177
131,177	180,097
-	333,570
-	24,743
	24,743
\$131,177	\$538,410

ACCOUNT

GARFIELD TOWNSHIP COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED MARCH 31, 2004

-		GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM
	REVENUES		REVENUE	ONLY)
	Taxes	\$96,951	\$103 FOR	
	Contributions from private sources	-	\$183,587	\$280,538
	Licenses and permits	9,646	1,469	1,469
	State shared revenues	114,273	•	9,646
-	Grants from others		11 140	114,273
	Charges for services	49,535	11,140	11,140
	Interest	7,825	4 000	49,535
-	Other	6,742	1,082	8,907
		0,742	2,690	9,432
_	TOTAL REVENUES	284,972	199,968	484,940
	EXPENDITURES			
	Current:			
	Legislative			
-	General government	27,807	-	27,807
	Public safety	148,332	-	148,332
	Public works	11,745	71,441	83,186
	Recreation and culture	40,338	-	40,338
	Other	628	-	628
	Debt service:	20,378	-	20,378
_	Principal			,
	Interest	-	18,932	18,932
	-1101.000		3,558	3,558
-	TOTAL EXPENDITURES	249,228	93,931	343,159
_	REVENUES OVER (UNDER) EXPENDITURES	35,744	106,037	141,781
-	Dian Day average			
_	FUND BALANCES, BEGINNING OF YEAR	109,956	106,576	216,532
	FUND BALANCES, END OF YEAR	\$145,700	\$212,613	\$358,313

See Accompanying Notes.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes	\$96,890	004.0#4	
Contributions from private sources	\$70,870	\$96,951	\$61
Licenses and permits	6,600	0.646	
State shared revenues	118,000	9,646	3,046
Grants from others	_	114,273	(3,727)
Charges for services	39,500	40.525	-
Interest	1,000	49,535	10,035
Other	2,500	7,825	6,825
	2,300	6,742	4,242
TOTAL REVENUES	264,490	284,972	20,482
EXPENDITURES			
Current:			
Legislative	39,800	27.007	
General government	233,432	27,807	11,993
Public safety	13,100	148,332	85,100
Public works	44,000	11,745	1,355
Recreation and culture	1,750	40,338	3,662
Other	21,000	628	1,122
Debt service:	21,000	20,378	622
Principal			
Interest	-	-	-
Contingency	12,769	-	12,769
TOTAL EXPENDITURES	365,851	249,228	116,623
REVENUES OVER (UNDER) EXPENDITURES	(101,361)	35,744	137,105
FUND BALANCES, BEGINNING OF YEAR	109,956	109,956	
FUND BALANCES, END OF YEAR	\$8,595	\$145,700	\$137,105

SPECIAL REVENUE FUNDS

VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET
(\$12,298)	\$183,587	\$195,885
1,369	1,469	100
1,509	-	-
_	-	-
(368,934)	11,140	380,074
- 207	1,082	875
2,690	2,690	
(376,966)	199,968	576,934
		-
-	-	_
14,234	71,441	85,675
65,000	•	65,000
380,802	-	380,802
-	-	-
_	18,932	18,932
_	3,558	3,558
116,426	-	116,426
576,462	93,931	670,393
199,496	106,037	(93,459)
<u>-</u>	106,576	106,576
\$199,496	\$212,613	\$13,117

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Garfield Township, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's general purpose financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its general purpose financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The following fund types and account groups are utilized by the Township:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (CONTINUED)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUND

Trust and Agency Fund

The Trust and Agency Fund is used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

ACCOUNT GROUP

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary or trust funds.

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) as net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

BUDGETS AND BUDGETARY ACCOUNTING

Comparisons to budget are presented for General and Special Revenue Funds as required by generally accepted accounting principles. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

- 1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
- 2. Public hearings are conducted to obtain taxpayer comments.
- 3. Prior to March 31, the budget is legally enacted through passage of a resolution.
- 4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

ENCUMBRANCES

The Township does not formally record encumbrances in the accounting records during the year as a normal practice. Material amounts of known commitments are sometimes recognized at the end of an accounting period to properly match the commitments with the applicable appropriation. No such commitments existed at March 31, 2004. Appropriations lapse at year-end and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

RECEIVABLES

Receivables are reported at gross value or net of a valuation allowance, if applicable.

DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

FIXED ASSETS AND LONG-TERM OBLIGATIONS

Purchases of fixed assets, for all funds, are recorded as expenditures in their respective funds when the transaction occurs. The Township has not maintained the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Long-term obligations that arise from transactions in governmental fund types are reported in the general long-term debt account group.

RESERVES AND DESIGNATIONS

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods. The Township has no reserves or designations.

VACATION AND SICK LEAVE

There is no accumulated vacation or sick leave to be recognized.

NOTE 2: CASH AND CASH EQUIVALENTS

The caption on the combined balance sheet relating to cash and cash equivalents of \$380,504 represent deposits in three financial institutions with locations in Mackinac County in varying amounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

At year-end the carrying amount of the Township's deposits were classified as to risk as follows:

	Carrying Amount	Bank Balance
Insured (FDIC) Uninsured – uncollateralized	\$246,476 134,028	\$265,428 131,422
	\$380,504	\$396,850

All accounts are in the name of the Township and a specific fund. They are recorded in Township records at cost. Interest is recorded when deposits mature or is credited to the applicable account.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United states, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 3: PROPERTY TAX

Property tax revenues for the year ended March 31, 2004, reflected in the accompanying financial statements include property taxes levied December 31, 2003. These taxes are due by February 15, 2004, and are added to the County tax rolls after February 28, 2004. The Township will receive 100% payment for the delinquent Township tax by June, 2004.

The taxable value of the Township totaled \$64,796,697, on which ad valorem taxes consisted of 1.4841 mills for the Township's operating purposes, 1.4237 mills for roads, .9407 mills for emergency services and .4703 mills for equipment replacement, raising \$96,951 for operating purposes \$92,215 for roads, \$60,920 for emergency services and \$30,452 for equipment replacement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: INTERFUND RECEIVABLE/PAYABLE

Interfund receivables and payables at March 31, 2004 are as follows:

Fund	Interfund Receivable	Interfund Payable	
General Tax Collection	\$8,094	\$ - 8,094	
Total	\$8,094	\$8,094	

NOTE 5: PENSION PLAN

The Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township Board, the Township contributes 6.2% of employees' gross earnings and employees contribute 6.2% percent of earnings. In accordance with these requirements, the Township contributed \$8,470 during the current year, and the employees contributed \$8,470. Fees and contract charges were \$185.

NOTE 6: LEASE AND LONG-TERM DEBT

A summary of long-term obligations and transactions related thereto for the year then ended as follows:

Capital lease	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
(See description below)	\$150,109	\$	\$18,932	\$131,177

Garfield Township has a fire vehicle lease with Oshkosh Capital Leasing, Inc., which meets the criteria for capitalization under generally accepted accounting principles. The present value of the minimum lease payments of \$202,994 was capitalized at the inception of the lease using a 4.78% interest rate. The lease is payable in 10 annual installments ranging from \$22,490 to \$27,500, which began October 7, 2002.

(Continued)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: LEASE AND LONG-TERM DEBT (CONTINUED)

The following is a schedule by years of future minimum lease payments required under the capital lease at March 31, 2004:

Year Ended <u>March 31,</u>	Amount
2005 2006 2007 2008 2009 2010 2011	\$22,490 22,490 22,490 22,490 22,490 22,490 22,490
Total minimum payments due	157,430
Less amounts representing interest	26,253
Present value of net minimum lease payments	<u>\$131,177</u>

NOTE 7: CONSTRUCTION CODE

The Township collects fees for permits and conducts inspections in accordance with Act 245 of 1999 and accounts for the related activity in the General Fund. Revenues are shown as Licenses and Permits and the related expenditures are shown under the Zoning expenditures. Following is this activity for the year ended March 31, 2004, as reported in the accompanying financial statements:

Revenues: \$9,334 Expenditures: \$9,334 Salaries 9,822 Education & training 842 Other 1,081 Total Expenditures 11,745 Revenue (Under) Expenditures (\$2,411)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: SUBSEQUENT EVENT

The Township secured a grant from the state of Michigan in the approximate amount of \$517,000 and has entered into a construction agreement in the approximate amount of \$410,000 for the construction of a marina within the township.

NOTE 9: RISK MANAGEMENT

The Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for general liability of \$4,000,000, wrongful acts of \$3,000,000, property of \$638,000, automobile of \$2,000,000, crime of \$10,000, automobile of \$2,000,000 inland marine liability of \$213,500 and bonding for public officials errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

GARFIELD TOWNSHIP GENERAL FUND SCHEDULE OF REVENUES - BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL
TAXES	_	
Property taxes	70 (000	
	\$96,890	\$96,95
LICENSES AND PERMITS	6,600	
	0,000	9,646
STATE SHARED REVENUES		
State land tax	28,000	
Other state shared revenues	90,000	28,109
	90,000	86,164
TOTAL STATE SHARED REVENUES	118,000	144.000
	118,000	114,273
CHARGES FOR SERVICE		
Cemetery lots & burials	500	2
Tax collection fees	20,000	3,775
Fire service	4,000	28,770
mbulance service	15,000	5,283
	13,000	11,707
TOTAL CHARGES FOR SERVICE	39,500	10 ===
	37,300	49,535
NTEREST INCOME	1,000	7.045
	1,000	7,825
THER		
Rents	1,500	4 225
Other	1,000	4,225
POTE A TOTAL CONTRACTOR OF THE POTE AND THE		2,517
TOTAL OTHER	2,500	6 742
TOTAL DEVENOUS	2,000	6,742
TOTAL REVENUE	\$264,490	\$284,972

GARFIELD TOWNSHIP GENERAL FUND SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE	BUDGET	ACTUAL	ACTUAL FAVORABLE (UNFAVORABLE)
Township Board	\$39,800		
	\$39,800	\$27,807	\$11,993
GENERAL GOVERNMENT			
Supervisor	44,392	42.007	
Elections	3,750	42,887	1,505
Clerk	24,992	57	3,693
Board of review	1,450	21,797	3,195
Treasurer	17,892	1,126	324
Cemetery	· · · · · · · · · · · · · · · · · · ·	17,259	633
Township hall	5,900	3,308	2,592
•	135,056	61,898	73,158
TOTAL GENERAL GOVERNMENT	233,432	148,332	85,100
PUBLIC SAFETY			55,200
Zoning	13,100	11,745	1,355
TOTAL PUBLIC SAFETY	13,100	11,745	1,355
PUBLIC WORKS			1,000
Highways and streets	22.000		
Sanitation	23,000	21,004	1,996
Street lighting	6,000	4,802	1,198
	15,000	14,532	468
TOTAL PUBLIC WORKS	44,000	40,338	3,662
RECREATION AND CULTURE			
Marina			
Parks	1.550	39	(39)
	1,750	589	1,161
TOTAL RECREATION AND CULTURE	1,750	628	1,122
OTHER FUNCTIONS	21,000	20,378	622
CONTINGENCY	12,769		
TOTAL EXPENDITURES			12,769
ZALLENDII OREN	\$365,851	\$249,228	\$116,623

GARFIELD TOWNSHIP GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004

	LEGISLATIVE	
	Township Board:	
_	Salaries	
	Fringe benefits	\$7,350
	Transportation	13,340
-	Professional services	1,129
	Contracted services	285
	Education and training	474
-	Dues and subscriptions	1,937
	Other	1,104
		2,188
_	TOTAL LEGISLATIVE	
<u> </u>	TOTAL DEGISLATIVE	27,807
_	GENERAL GOVERNMENT	
	Township Supervisor:	
	Salaries - supervisor	
	Salaries - assessor	10,392
	Transportation	30,000
		2,495
		42,887
	Elections:	
	Supplies	
-	· · · · · · · · · · · · · · · · · · ·	57
		57
	Clerk:	
	Salaries	
	Transportation	21,392
-	•	405
		21,797
_	Board of Review:	
	Salaries	
	Transportation	900
_	Education and training	166
		60
		1,126

GARFIELD TOWNSHIP GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Treasurer: Salaries Transportation S16,39 86 17,255 Cemetery: Salaries Supplies Repairs Township Hall: Salaries Fringe benefits Supplies Contracted services Transportation Repairs and maintenance Tax preparation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay 61,898 TOTAL GENERAL GOVERNMENT	_	GENERAL GOVERNMENT: (Cont'd)	
Transportation \$16,39		Treasurer:	
Tabsportation Section		Salaries	
Cemetery: Salaries 2,875 Supplies 2,875 Repairs 122 Repairs 3308 Township Hall : Salaries 13,627 Fringe benefits 13,627 Supplies 14,691 Contracted services 14,691 Transportation 1,410 Repairs and maintenance 913 Tax preparation 4,826 Printing 4,464 Printing 4,464 Utilities 1,303 Hall and grounds 4,591 Library 2,144 Library 2,144 Library 2,1500 Capital outlay 2,500 Capital outlay 6,994 TOTAL GENERAL GOVERNMENT	_	Transportation	\$16,392
Cemetery: Salaries 2,879 122 123 1310		•	867
Salaries 2,875 Repairs 123 123 1310 1	_		17,259
Supplies 2,879 123 124 125		Cemetery:	
Repairs 122 Repairs 3316 Township Hall: Salaries Fringe benefits 13,627 Supplies Contracted services 14,691 Transportation 913 Repairs and maintenance 1,311 Communication 4,826 Printing 4,464 Printing 1,303 Hall and grounds 4,591 Hall miscellaneous 4,591 Library 2,144 Capital outlay 6,994 TOTAL GENERAL GOVERNMENT		Salaries	
Township Hall : Salaries	-	Supplies	2,875
Township Hall : Salaries Fringe benefits Supplies Contracted services 14,691 Transportation Repairs and maintenance 1,311 Communication Printing Utilities 1,303 Hall and grounds Hall miscellaneous Library Capital outlay TOTAL GENERAL GOVERNMENT		Repairs	123 310
Township Hall: Salaries Fringe benefits Supplies Contracted services Transportation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay 13,627 14,691 14,691 14,691 1,410 1,211 1,311	_		
Salaries 13,627			3,308
Fringe benefits Supplies Contracted services Transportation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay Fringe benefits 14,627 14,691 1,410 1,41		Township Hall :	
Supplies Contracted services Transportation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay 14,691 TOTAL GENERAL GOVERNMENT	-	Salaries	
Contracted services		Fringe benefits	13,627
Transportation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay 1,410 913 1,311 4,826 4,826 97 4,464 1,303 1,303 1,124 4,591 2,144 4,591 2,500 6,994		Supplies	
Transportation Repairs and maintenance Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay TOTAL GENERAL GOVERNMENT	_	Contracted services	
Tax preparation		Transportation	
Tax preparation Communication Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay TOTAL GENERAL GOVERNMENT		Repairs and maintenance	
Printing Utilities Hall and grounds Hall miscellaneous Library Capital outlay 4,464 4,501 4,591 4,591 4,591 6,994 101 101 101 101 101 101 101	_		
Utilities 1,303 Hall and grounds 3,124 Hall miscellaneous 4,591 Library 2,144 Capital outlay 2,500 6,994 TOTAL GENERAL GOVERNMENT		Communication	
Hall and grounds Hall miscellaneous Library Capital outlay TOTAL GENERAL GOVERNMENT 3,124 4,591 2,144 2,500 61,898		Printing	
Hall miscellaneous Library Capital outlay Capital Outlay 4,591 2,144 2,500 6,994 TOTAL GENERAL GOVERNMENT		Utilities	
2,144 Capital outlay 2,500 6,994	-	Hall and grounds	
Library 2,144		Hall miscellaneous	
6,994 61,898 TOTAL GENERAL GOVERNMENT			
6,994 61,898 TOTAL GENERAL GOVERNMENT		Capital outlay	
TOTAL GENERAL GOVERNMENT		•	6,994
TOTAL GENERAL GOVERNMENT	-		61,898
		TOTAL GENERAL GOVERNMENT	148,332

GARFIELD TOWNSHIP GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

_	PUBLIC SAFETY	
	Zoning:	
	Salaries	
-	Education and training	\$9,822
	Other	842
		1,081
	TOTAL PUBLIC SAFETY	44 =
		11,745
_	PUBLIC WORKS	
	Highways and streets:	
	Contracted services	21.004
		21,004
	Sanitation:	
	Contracted services	4,802
_		1,002
	Street lighting	
	Select lighting	14,532
_	TOTAL PUBLIC WORKS	
	The state of the s	40,338
	RECREATION AND CULTURE	
	Marina:	
	Supplies	22
	Repairs	22
-		17
		39
_	Parks:	
	Repairs and maintenance	
	repairs and maintenance	589
_		
		589
	TOTAL RECREATION AND CULTURE	
_		628
	OTHER FUNCTIONS	
	Insurance and bonds	20 270
-		20,378
	TOTAL OTHER FUNCTIONS	20,378
	TOTAL EVDENDITUDES	20,0 / 0
	TOTAL EXPENDITURES	\$249,228

_	
-	
-	
_	
_	
-	SPECIAL REVENUE FUNDS
-	STECHNE REVENUE FUNDS
-	
•	
•	

GARFIELD TOWNSHIP COMBINING BALANCE SHEET ALL SPECIAL REVENUE FUNDS MARCH 31, 2004

ASSETS	ROAD FUND	EMERGENCY SERVICES FUND	EQUIPMENT REPLACEMENT FUND
ASSETS:			
Cash and cash equivalents	\$128,086	\$41,877	\$29,835
Taxes receivable	5,790	3,825	1,912
TOTAL ASSETS	\$133,876	\$45,702	\$31,747
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accrued expenses	\$ -	\$220	\$ -
FUND EQUITY			
Fund balances:			
Unreserved:			
Designated for subsequent years'			
expenditures	127,966	41,824	29,809
Undesignated	5,910	3,658	1,938
TOTAL FUND EQUITY	133,876	45,482	31,747
TOTAL LIABILITIES			
AND FUND EQUITY	\$133,876	\$45,702	\$31,747

FUND	FUND FUND	
\$937	\$571	\$201,306
	-	11,527
\$937	\$571	\$212,833
\$	- \$ -	\$220
822 115		200,421 12,192
937	571	212,613
\$937	\$571	\$212,833

WATERWAYS

PARKS

GARFIELD TOWNSHIP ALL SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2004

	ROAD FUND	EMERGENCY SERVICES FUND	EQUIPMENT REPLACEMENT FUND
REVENUES:			
Taxes	\$92,215	\$60,920	\$30,452
Grants from others	829	10,311	\$3 0, 432
Contributions from private sources	-	1,169	-
Interest	639	308	127
Other	-	1,740	127 950
TOTAL REVENUES	93,683	74,448	31,529
EXPENDITURES:			
Public works			
Public safety	-	71.042	-
Recreation and culture	-	71,043	398
Debt service:	-	-	-
Principal			
Interest	-	-	18,932 3,558
TOTAL EXPENDITURES			
TOTAL BAT ENDITORES		71,043	22,888
REVENUE OVER (UNDER) EXPENDITURES	93,683	3,405	8,641
FUND BALANCES - BEGINNING OF YEAR	40,193	42,077	23,106
FUND BALANCES - END OF YEAR	\$133,876	\$45,482	\$31,747

PARKS	WATERWAYS	
FUND	FUND	TOTAL
\$ -	\$ -	\$183,587
-	.	11,140
300	_	1,469
8	_	1,082
	-	2,690
308	-	199,968
-	-	
-	-	71,441
·	-	
-	-	18,932
_	-	3,558
	-	93,931
308	-	106,037
629	571	106,576
\$937	\$571	\$212,613

<u>.</u>	
•	
-	
	TRUST AND AGENCY FUND
•	
•	
•	

GARFIELD TOWNSHIP STATEMENT OF CHANGES IN ASSETS AND LIABILITIES TRUST AND AGENCY FUND - TAX COLLECTION FUND FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE APRIL 1, 2003	ADDITIONS	DELETIONS	BALANCE MARCH 31, 2004
ASSETS:				
Cash	\$1,557	\$1,912,263	\$1,905,726	\$8,094
LIABILITIES:				
Due to other funds	\$1,557	\$280,984	\$274,447	\$8,094
Due to State	· -	309,519	309,519	_
Due to County	-	349,518	349,518	_
Due to Schools	-	972,242	972,242	-
	\$1,557	\$1,912,263	\$1,905,726	\$8,094



Member: American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

September 14, 2004

Township Board Garfield Township Mackinac County, Michigan

In planning and performing my audit of the general purpose financial statements of Garfield Township, Mackinac County, Michigan, for the year ended March 31, 2004, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated September 14, 2004 on the financial statements of Garfield Township.

Thank you for the opportunity to serve Garfield Township. I appreciate the assistance I received from the Clerk and Treasurer during my audit. Best wishes in the next year.

allon. Richard E. Mahlmeister, C.P.A.

Sincerel

Garfield Township Comments & Suggestions September 14, 2004 Page 2 (two)

REPORTABLE CONDITION

Reportable conditions involve matters coming to my intention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition that exists is that there is a lack of segregation of duties in both the receipting and disbursement function of the Township. This condition is generally inherent in organizations the size of Garfield Township, where corrective action is not practical, and is not necessarily considered to be a material weakness.

PAYROLL AND FRINGE BENEFIT ALLOCATIONS

I noted that the payroll taxes and pension benefits for each activity were not allocated accordingly.

I suggest that the associated payroll taxes and pension benefits for each activity be properly allocated when processing the payroll.

ACCOUNTING FOR SPECIAL REVENUE FUNDS

The Township should implement fund accounting for the Special Revenue Funds of the Township. All funds should be accounted for as the General Fund is, separately, and should include a balance sheet and the related income statement for each separate fund.

I suggest that the Board pursue purchasing of fund accounting software and update this software to a level that will provide the accounting and budgeting information needed.

GENERAL FIXED ASSETS

The Independent Auditors' Report has been qualified for the 2004 fiscal year because General Fixed Assets are not included in the financial statements. To remove this qualification in future years, the Township will need to compile a listing of assets owned at current market values or cost basis, if available, and inventory these assets on an annual basis. As noted below, GASB 34 will require that fixed assets be recorded and depreciated over their estimated life. This new standard relates to how fixed assets are treated and may materially affect the financial reporting of the township.

Garfield Township Comments & Suggestions September 14, 2004 Page 3 (three)

UPCOMING FINANCIAL REPORTING CHANGES

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, the most significant change in the history of government financial reporting. These new requirements for the annual financial reports of state and local governments become effective for Garfield Township for the year ended March 31, 2005 (the first audit year will be March 31, 2006) and may take time to implement.

As the effective date will be next audit year (March 31, 2006), I would be pleased to explain these changes and what they mean for Garfield Township as well as assist in implementing this new standard.